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Shanaghan v. Cahill: Supplementing Supplemental Jurisdiction

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I. INTRODUCTION

Since the passage of the supplemental jurisdiction statute, 28 U.S.C. § 1367,[1] debate has raged over the statute's application.[2] Recently, in *Shanaghan v. Cahill*,[3] the U.S. Court of Appeals for the Fourth Circuit contributed to the debate, determining that the supplemental jurisdiction statute affects longstanding jurisdiction principles in diversity cases.[4] According to the Fourth Circuit, the new statute cannot be reconciled with previous case law holding that once the amount in controversy is pled in good faith, subsequent events reducing that amount do not remove jurisdiction.

This Note argues that the Fourth Circuit's approach in *Shanaghan* undermines the vitality of the jurisdiction retention rule articulated by the Supreme Court in *St. Paul Mercury Indemnity Co. v. Red Cab Co.*[5] and contradicts the text and legislative intent of § 1367. Part II of this Note provides an overview of diversity jurisdiction and supplemental jurisdiction that will help demonstrate the significance of the *Shanaghan* holding. Part III briefly recites the facts and the court's reasoning in *Shanaghan*. Part IV analyzes the *Shanaghan* reasoning in light of the legislative history and text of § 1367. Part V concludes that a correct interpretation of § 1367 does not affect the longstanding *St. Paul* rule that federal courts

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1. 28 U.S.C. § 1367 (1994).

2. Denis F. McLaughlin, *The Federal Supplemental Jurisdiction Statue--A Constitutional and Statutory Analysis*, 24 ARIZ. ST. L.J. 849, 854 (1992); Shay S. Scott, Comment, *Supplemental Jurisdiction Under 28 U.S.C. § 1367*, 72 OR. L. REV. 695, 695 (1993); Joan Steinman, *Section 1367--Another Party Heard From*, 41 EMORY L.J. 85, 85-86 (1992).

3. 58 F.3d 106 (4th Cir. 1995).

4. *Id.* at 109-10; *see also* Taylor v. Lotus Dev. Corp., 906 F. Supp. 290, 298-99 (D. Md. 1995) (following the Fourth Circuit's decision in *Shanaghan*); Prevas v. Hopkins, 905 F. Supp. 271, 277 (D. Md. 1995) ("'[T]here are *no* situations wherein a federal court *must* retain jurisdiction over a state law claim, which would not by itself support jurisdiction.'" (quoting *Shanaghan*, 58 F.3d at 110)).

5. 303 U.S. 283, 283 (1938).

retain jurisdiction over a suit when dismissal of a claim drops the aggregate amount in controversy below the jurisdictional minimum.

II. BACKGROUND

To best comprehend the significance of the *Shanaghan v. Cahill* holding, a basic understanding of diversity jurisdiction and supplemental jurisdiction is necessary.

A. Diversity Jurisdiction

For a plaintiff to bring a federal diversity suit, the parties must be completely diverse and the amount in controversy must be over $50,000.[6] It is well settled that a plaintiff's claims may be aggregated to meet the amount in controversy requirement; that is, a plaintiff may qualify for diversity jurisdiction by combining multiple claims against the defendant if the resulting amount in controversy is above $50,000.[7] If the plaintiff's claims are so aggregated and the diversity requirement is satisfied, jurisdiction vests in the district court, unless the plaintiff's claims are made in bad faith or there is a legal certainty that the amount claimed cannot be recovered.[8] "Once jurisdiction exists, subsequent events, such as the determination that one of the aggregated claims was without merit, do not destroy the jurisdictional basis to dispose, on the merits, of

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6. 28 U.S.C. § 1332(a) (1994). In pertinent part, § 1332(a) provides:

> (a) The district courts shall have original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of $50,000, exclusive of interest and costs, and is between—
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> (1) Citizens of different States . . . .

Since § 1332's enactment, the Supreme Court has interpreted it to require complete diversity—all the plaintiffs must be of different citizenship than all the defendants. Carden v. Arkoma Assoc., 494 U.S. 185, 187 (1990).

7. Klepper v. First Am. Bank, 916 F.2d 337, 341 (6th Cir. 1990) ("It is well established that claims can be aggregated to satisfy the jurisdictional amount requirement."); Griffin v. Red Run Lodge, Inc., 610 F.2d 1198, 1204 (4th Cir. 1979) ("It is well established that where a plaintiff joins several claims against a defendant, and one of them satisfies the jurisdictional amount requirement, jurisdiction is present for all counts, including those for which the amount in controversy ie patently lese than $[5]0,000. Even if no single claim is for an amount in excess of $[5]0,000], jurisdiction exists for each count."); 1 JAMES W. MOORE ET AL., MOORE'S FEDERAL PRACTICE ¶ 0.97 (2d ed. 1994); 14A CHARLES A. WRIGHT ET AL., FEDERAL PRACTICE AND PROCEDURE § 3704 (2d ed. 1985).

8. *St. Paul*, 303 U.S. at 288-89 (plaintiff's claim need only be "apparently made in good faith"); *Klepper*, 916 F.2d at 340; WRIGHT ET AL., *supra* note 7 § 3702, at 13-16.

claims of $[5]0,000 or less."[9] Instead, as the Supreme Court held in *St. Paul Mercury Indemnity Co. v. Red Cab Co.*,[10] federal courts are obligated to retain jurisdiction of the remaining claims.[11]

B. Supplemental Jurisdiction

In 1990, the supplemental jurisdiction statute[12] extended

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9. *Griffin*, 610 F.2d at 1204. The $10,000 amount discussed in *Griffin* was the jurisdictional minimum established by Congress at that time. In 1988, Congress increased the threshold amount to $50,000 through § 1332. Laura L. Hirschfeld, *The $50,000 Question: Does Supplemental Jurisdiction Extend to Claims Between Diverse Parties Which Do Not Meet § 1332's Amount-in-Controversy Requirement?*, 68 TEMP. L. REV. 107, 130 (1995).

10. 303 U.S. 283 (1938).

11. *See id.*, at 289-90 ("Events occurring subsequent to the institution of suit which reduce the amount recoverable below the statutory limit do not oust jurisdiction."); Lindsey v. M. A. Zeccola & Sons, Inc., 26 F.3d 1236, 1244 n.10 (3rd Cir. 1994) ("Although the remaining claim is less than $50,000, the district court retains diversity jurisdiction. When diversity exists at the time the case is filed, it is not affected by the dismissal of one of the claims even though the amount recoverable on the remaining claim is less than the required $50,000."); Watson v. Shell Oil Co., 979 F.2d 1014, 1021 (5th Cir. 1992) ("The Supreme Court has held the amount claimed in good faith by initial pleadings controls the question of amount in controversy. Further, it must appear to a legal certainty that the claim is for less than the jurisdictional amount before a court may dismiss for lack of quantum. Third, subsequent events generally will not deprive the federal court of its jurisdiction." (footnote omitted)); MOORE ET AL., *supra* note 7 ¶ 0.91(3); WRIGHT ET AL., *supra* note 7 § 3702, at 28-35. ("The amount in controversy is determined as of the time that an action is commenced in the federal courts. Subsequent events, 'whether beyond the plaintiff's control or the result of his volition,' cannot destroy the court's jurisdiction once it has been acquired. . . . Even when the complaint discloses a valid defense to plaintiff's action, the sum claimed by plaintiff controls, since defendant may not assert that defense or may not ultimately prevail on it.") (quoting *St. Paul*, 303 U.S. at 293).

12. 28 U.S.C. § 1367 (1994). In pertinent part, § 1367 provides:

> (a) Except as provided in subsections (b) and (c) or as expressly provided otherwise by Federal statute, in any civil action of which the district courts have original jurisdiction, the district courts shall have supplemental jurisdiction over all other claims that are so related to claims in the action within such original jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution. Such supplemental jurisdiction shall include claims that involve the joinder or intervention of additional parties.
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> (b) In any civil action of which the district courts have original jurisdiction founded solely on section 1332 of this title, the district courts shall not have supplemental jurisdiction under subsection (a) over claims by plaintiffs against persons made parties under Rule 14, 19, 20, or 24 of the Federal Rules of Civil Procedure, or over claims by persons proposed to be joined as plaintiffs under Rule 19 of such rules, or seeking to intervene as plaintiffs under Rule 24 of such rules, when exercising supplemental jurisdiction over such claims would be inconsistent with the juris-

federal jurisdiction to claims which do not independently meet federal jurisdictional requirements, but arise from the same case or controversy as a claim enjoying federal subject matter jurisdiction.[13] Under the statute, this extension of federal jurisdiction is discretionary in certain situations such as when "the district court has dismissed all claims over which it has original jurisdiction."[14] The statute thus codified[15] the doctrines of pendent claim,[16] pendent party,[17] and ancillary ju-

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dictional requirements of section 1332.

(c) The district courts may decline to exercise supplemental jurisdiction over a claim under subsection (a) if—

(1) the claim raises a novel or complex issue of State law,

(2) the claim substantially predominates over the claim or claims over which the district court has original jurisdiction,

(3) the district court has dismissed all claims over which it has original jurisdiction, or

(4) in exceptional circumstances, there are other compelling reasons for declining jurisdiction.

13. Scott, *supra* note 2, at 695; David D. Siegel, *Changes in Federal Jurisdiction and Practice Under the New (Dec. 1, 1990) Judicial Improvements Act*, 133 F.R.D. 61, 61 (1991).

For a discussion of the statute's background and interpretation, see pages 61 through 69 of Siegel's article.

14. 28 U.S.C. § 1367(c)(3) (1994). The pertinent portion of the statute is reprinted in note 12.

15. In the words of the court in Xuncax v. Gramajo, 886 F. Supp. 162, 194 (D. Mass. 1995):

> The statute effectively codifies the rule of *United Mine Workers v. Gibbs* with respect to jurisdiction over pendent claims and supersedes and overrules the holding of *Finley v. United States* with respect to jurisdiction over pendent parties. Section 1367 contemplates the exercise by federal courts not only of jurisdiction over pendent and ancillary claims, but over pendent and ancillary parties as well.

Id. (citations omitted); *see also* Cami R. Baker, *The Codification of Pendent and Ancillary Jurisdiction: Supplemental Jurisdiction*, 27 TULSA L.J. 247, 247 (1991) (stating that "section 1367 codifies three judicially efficient case law doctrines that have perplexed many students, practitioners, courts, and even scholars: pendent claim, pendent party, and ancillary jurisdiction"); McLaughlin, *supra* note 2, at 868, 925-931 (commenting that "the new statute codifies most of the prior case law concerning pendent and ancillary jurisdiction").

16. Pendent claim jurisdiction grants discretionary federal jurisdiction over additional state law claims brought by the same plaintiff against the same defendant, even though the parties are not diverse, as long as the "state and federal claims . . . derive from a common nucleus of operative fact." United Mine Workers v. Gibbs, 383 U.S. 715, 725 (1966). In deciding whether to exercise pendent jurisdiction over the additional state claims, the court asks whether the claims "are such that a plaintiff 'would ordinarily be expected to try them in one judicial proceeding.'" Finley v. United States, 490 U.S. 545, 549 (1989) (quoting *Gibbs*, 383 U.S. at 725).

For discussions of pendent claim jurisdiction, see Thomas Jamison, Note, *Pendent Party Jurisdiction: Congress Giveth What the Eighth Circuit Taketh Away*, 17

risdiction,[18] and lent congressional support to the Supreme Court's holding in *United Mine Workers of America v. Gibbs*[19] that a federal court has discretion to resolve a nondiverse state law claim if the claim is combined with a federal question and arises out of a common nucleus of operative facts.[20] Although ambiguity in the new statute[21] has generated interpretive debate,[22] until *Shanaghan v. Cahill*, no court thought that the new supplemental jurisdiction statute applied to claims aggregated to meet the jurisdictional minimum in a diversity suit. In an anomalous holding, however, *Shanaghan* concluded that the

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WM. MITCHELL L. REV. 753, 756-63 (1991); McLaughlin, *supra* note 2, at 868-874; and Siegel, *supra* note 13, at 62-64.

17. "Pendent party jurisdiction allows the attachment of a nonfederal claim against a nonparty to a federal claim when the federal claim is within the jurisdiction of the federal courts only." Baker, *supra* note 15, at 247 n.5.

For discussions of pendent party jurisdiction, see Jamison, *supra* note 16, at 757; McLaughlin, *supra* note 2, at 877-86; and Siegel, *supra* note 13, at 66.

18. Ancillary jurisdiction is jurisdiction over additional claims brought by existing parties other than the plaintiff, or over claims brought by or against additional parties; with the possible exception of impleading a third-party defendant, the exercise of ancillary jurisdiction is appropriate as long as the additional claims do not subvert the complete diversity requirement. McLaughlin, *supra* note 2, at 849, 874-82.

For discussions of ancillary jurisdiction, see Jamison, *supra* note 16, at 757 n.24; and Siegel, *supra* note 13, at 62-64.

For a discussion of all three doctrines, including some of their histories, see Rex E. Lee & Richard G. Wilkins, *An Analysis of Supplemental Jurisdiction and Abstention with Recommendations for Legislative Action*, 1990 B.Y.U. L. REV. 321, 322-331.

19. 383 U.S. 715 (1966). In United Mine Workers v. Gibbs, a mine superintendent brought a federal law claim under the Federal Labor Management Relations Act and a related state law tort claim. *Id.* at 720. Although there was no independent federal jurisdiction over the state law claim through diversity, the Supreme Court held that the federal court had discretion to adjudicate the state law claim based on supplemental jurisdiction principles. *Id.* at 725-28. According to the Supreme Court, "the relationship between [the federal] claim and the state claim permit[ted] the conclusion that the entire action before the court comprise[d] but one constitutional 'case.'" *Id.* at 725.

For discussions of the *Gibbs* case, see Carnegie-Mellon Univ. v. Cohill, 484 U.S. 343, 348-50 (1988); and McLaughlin, *supra* note 2, at 865-868.

20. *Gibbs*, 383 U.S. at 725-26; H.R. REP. NO. 734, 101st Cong., 2d Sess. 28-29, 29 n.15 (1990), *reprinted in* 1990 U.S.C.C.A.N. 6860, 6874-75 [hereinafter H.R. REP. NO. 734]. In Shanaghan v. Cahill, 58 F.3d 106 (4th Cir. 1995), the court states that the *Gibbs* holding gives "federal courts . . . discretion to dismiss or retain residual state law claims." *Id.* at 111. This is slightly disingenuous, however, for the *Gibbs* discretionary approach did not apply to all "residual state law claims." *Id.* *Gibbs* gave federal courts discretion to append non-diverse state law claims to federal claims. *Gibbs*, 383 U.S. at 725-26.

21. *See infra* text accompanying note 74.

22. *See supra* text accompanying note 16.

supplemental jurisdiction statute applies to claims aggregated to satisfy diversity jurisdiction's $50,000 threshold. *Shanaghan* thus improperly gave courts discretion whether to retain jurisdiction when dismissal of a claim reduced the amount in controversy below $50,000 in derogation of *St. Paul's* rule of mandatory jurisdiction retention.

III. SHANAGHAN V. CAHILL

A. The Facts

Plaintiff Kathleen Shanaghan alleged that defendant John Cahill and his company had defaulted on three separate loans of $40,000, $23,696, and $14,700.[23] Shanaghan brought a diversity suit against the borrowers, aggregating the three debts to meet the $50,000 jurisdictional amount.[24] After the $40,000 claim was dismissed because no writing could be produced to comply with the Virginia Statute of Frauds, the district court dismissed the other two claims for lack of jurisdiction because the amount in controversy dropped below $50,000.[25] Shanaghan appealed the dismissal for lack of jurisdiction. The Fourth Circuit reversed, holding that the supplemental jurisdiction statute gives federal courts discretion to retain jurisdiction over a diversity case when the amount in controversy falls below $50,000.[26]

B. The Reasoning

Prior to *Shanaghan*, the Fourth Circuit, like all other U.S. circuit courts,[27] embraced the rule that "[o]nce jurisdiction exists, subsequent events, such as the determination that one of the aggregated claims was without merit, d[id] not destroy the jurisdictional basis to dispose, on the merits, of claims of $[5]0,000 or less;"[28] that is, dismissal of an aggregated claim in a diversity suit did not make the federal court's jurisdiction over the remaining claims discretionary. Yet in rejecting the district court's notion that when dismissal of a companion claim reduces the aggregated amount in controversy below

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23. *Shanaghan*, 58 F.3d at 108.
24. *Id.*
25. *Id.* at 108-09.
26. *Id.* at 107-08.
27. *See* discussion *supra* part II.A.
28. Griffin v. Red Run Lodge, Inc., 610 F.2d 1198, 1204 (4th Cir. 1979).

$50,000, the remaining claims against the diverse defendant must also be dismissed, the *Shanaghan* court did not apply the circuit's precedential rule.[29] Instead, the court turned to the supplemental jurisdiction statute[30] and decided that the statute gives federal courts discretion to determine whether to retain jurisdiction over the remaining diverse claims.[31]

In reaching this conclusion, the *Shanaghan* court drew support from two sources: section 1367's statutory language and Congress's current view of federal jurisdiction. The court asserted that the statute's language indicates that it was designed to apply to diversity as well as federal question cases.[32] Subject to the limitations in § 1367(b),[33] the statute's text grants federal courts supplemental jurisdiction over claims "form[ing] part of the same case or controversy" as a jurisdiction-conferring diversity claim.[34] The statute also gives courts discretion to "decline" this supplemental jurisdiction in certain circumstances,[35] such as when a district court "has dismissed all claims over which it has original jurisdiction."[36] The *Shanaghan* court maintained that just as federal courts have discretion to dismiss supplemental claims when the jurisdiction-conferring claim is dismissed, so the courts should have discretion to dismiss companion claims when dismissal of any claim drops the amount in controversy below $50,000 in a diversity case.[37] According to the court, the latter situation differs only in "that no single claim by itself carried plaintiff into

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29. *Shanaghan*, 58 F.3d at 109.

30. 28 U.S.C. § 1367 (1994).

31. *Shanaghan*, 58 F.3d at 112.

32. *Id.* at 109. The court found support for this conclusion in (1) the statutory language granting supplemental jurisdiction to claims appended to "*any civil action*" qualifying for "original jurisdiction," and (2) the limitations § 1367(b) places on supplemental jurisdiction when the jurisdiction-granting claim is a diversity claim. *Id.* (quoting 28 U.S.C. § 1367(a)) (emphasis added).

33. When jurisdiction is based solely on diversity, federal courts do not have supplemental jurisdiction over plaintiffs' claims

> against persons made parties under Rule 14, 19, 20, or 24 of the Federal Rules of Civil Procedure, or over claims by persons proposed to be joined as plaintiffs under Rule 19 of such rules, or seeking to intervene as plaintiffs under Rule 24 of such rules, when exercising supplemental jurisdiction over such claims would be inconsistent with the jurisdictional requirements of section 1332.

28 U.S.C. § 1367(b).

34. *Id.* § 1367(a); *Shanaghan*, 58 F.3d at 109.

35. 28 U.S.C. § 1367(c).

36. *Id.* § 1367(c)(3) (*quoted in Shanaghan*, 58 F.3d at 110).

37. *Shanaghan*, 58 F.3d at 110.

federal court, and so she was forced to aggregate her various smaller claims to reach the jurisdictional threshold."[38] Because

> [t]here is no way to distinguish a reduction of the amount in controversy from the disappearance of a federal claim as contemplated under § 1367(c)(3). . . . It makes little sense . . . to think of jurisdictional amounts as a separate category of cases[, a category exempt from] . . . the congressional scheme of supplemental jurisdiction. It does make sense, however, to have *one rule* of district court discretion, not separate rules for separate jurisdictional bases when simple logic dictates that they be treated the same.[39]

Finding no difference between dismissal of a diversity claim that drops the amount in controversy below the jurisdictional threshold and dismissal of a jurisdiction-conferring claim, the court found the supplemental jurisdiction statute's discretionary rule applies in both situations.

The second reason the Fourth Circuit applied the discretionary rule of § 1367 to a situation in which precedent has long required federal courts to retain jurisdiction, without discretion, was to "modif[y judicial action] to fit the contemporary congressional view of federal jurisdiction."[40] The court recognized that if the original amount in controversy was pled in good faith and there was not a legal certainty at the complaint's filing that the jurisdictional amount could not be recovered, precedent[41] compelled federal courts to retain jurisdiction over a case dropping below the jurisdictional minimum.[42] But the *Shanaghan* court asserted that the adoption of § 1367 indicated that Congress preferred the "modern" discretionary approach articulated in *Gibbs*.[43] Rigid application of *St. Paul* would require federal courts to adjudicate claims that involved "novel or complex issue[s] of [s]tate law" but had no basis for federal jurisdiction on their own.[44] Congress, the court found, sought to avoid this result by adopting § 1367.[45]

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38. *Id.*
39. *Id.*
40. *Id.* at 111.
41. *See, e.g.*, St. Paul Mercury Indem. Co. v. Red Cab Co., 303 U.S. 283 (1938).
42. *Shanaghan*, 58 F.3d at 111.
43. *Id.* For a recitation of the salient issue in *Gibbs*, see *supra* note 19.
44. 28 U.S.C. § 1367(c)(1) (*quoted in Shanaghan*, 58 F.3d at 111).
45. *Shanaghan*, 58 F.3d at 111.

According to the *Shanaghan* court, the *St. Paul* rule also contradicts Congress's intent, evidenced by Congress's increase of the required amount in controversy in diversity cases, to deter federal adjudication of "state law claims for modest sums."[46] The court determined that because the *St. Paul* rule is inconsistent with congressional intent as manifest in the passage of § 1367 and the increase in the jurisdictional minimum, the discretionary rule of § 1367 should apply in diversity cases when dismissal of a claim reduces the amount in controversy below $50,000.[47]

The court fashioned a two-step discretionary analysis to be used in applying § 1367 to aggregated diversity claims.[48] According to *Shanaghan*, a federal court must first make certain the amount at issue was pled in good faith.[49] If the amount was claimed in bad faith, or the face of the complaint reveals to a legal certainty that the amount in controversy could not be recovered, the district court does not have jurisdiction.[50] Second, if after the amount in controversy requirement has been satisfied, an event decreases that amount below the jurisdictional minimum, the court may, in its discretion, retain jurisdiction over the case.[51] In determining whether to retain jurisdiction, a court should consider the factors articulated by the Supreme Court in *Carnegie-Mellon University v. Cohill*:[52] "convenience and fairness to the parties, the existence of any underlying issues of federal policy, comity, and considerations of judicial economy."[53]

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46. *Id.*

47. In adopting this discretionary approach, the court rejected not only *St. Paul*'s "rigid rule of retention," but also a rule of automatic dismissal. *Id.* at 111-12 (noting that rigid dismissal might "result in valid claims going unheard or in significant wastes of judicial resources.")

48. *Id.* at 112.

49. *Id.*

50. *Id.*

51. *Id.*

52. 484 U.S. 343 (1988).

53. *Shanaghan*, 58 F.3d at 110, 112. The court said that whether plaintiff's claims are time-barred or "whether plaintiff was consciously relying on a flimsy ground to get into federal court" are issues the court should weigh in considering the "convenience and fairness to both parties." *Id.* at 112. When weighing concerns of judicial economy, the court should consider the amount of time that has already been spent in federal court. *Id.* And when considering federal-state comity, the court should determine where there are complex state law issues that would best be resolved in state court. *Id.*

IV. ANALYSIS

As explained earlier in this Note,[54] the clear weight of authority[55] supports the Fourth Circuit's decision to reject the district court's holding that it lost all jurisdiction over Shanaghan's remaining claims when one claim's dismissal dropped the amount in controversy below the jurisdictional minimum.[56] However, the Fourth Circuit ignored volumes of stable case law holding that federal courts retain jurisdiction in such situations[57] and replaced the settled law of jurisdictional retention with a discretionary approach,[58] splintering the square peg of the supplemental jurisdiction statute into a round hole where it was never meant to go. Part IV explains why the *Shanaghan* holding is incorrect. Part IV.A relies on the supplemental jurisdiction statute's plain language to undermine the *Shanaghan* reasoning, while Part IV.B looks to the statute's legislative history to discredit the court's speculations about congressional intent. Together, these sections show that the *Shanaghan* court erred in reasoning that Congress intended § 1367 to apply to diversity claims aggregated to satisfy the jurisdictional threshhold.

A. The Plain Language of § 1367 Indicates That Aggregated Diversity Claims Are To Be Treated as Part of a Single Jurisdiction-Conferring Claim and Not as Supplemental Claims

Section 1367(a) gives federal courts supplemental jurisdiction over claims that form part of the same case or controversy as a claim over which the court has original jurisdiction.[59] Therefore, for a claim to qualify for supplemental jurisdiction under the statute, it must be appended to a claim over which the court has original jurisdiction. As explained in *ZB Holdings, Inc. v. White*:[60]

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54. *See* discussion *supra* part II.A and text accompanying notes 40-42.

55. *See* St. Paul Mercury Indem. Co. v. Red Cab Co., 303 U.S. 283, 289-90 (1938) ("Events occurring subsequent to the institution of suit which reduce the amount recoverable below the statutory limit do not oust jurisdiction.") and note 9.

56. *Shanaghan*, 58 F.3d at 109.

57. *See* discussion *supra* part II.A and the text accompanying notes 40 to 42.

58. *Shanaghan*, 58 F.3d at 110, 112.

59. 28 U.S.C. § 1367(a). *See* discussion *supra* II.B.

60. 144 F.R.D. 42 (S.D.N.Y. 1992).

> Supplemental jurisdiction was not intended to be a crutch for lawsuits that cannot stand on their own feet; rather it was intended only to supplement—i.e., to allow the addition of parties or claims to an existing lawsuit so that complete relief could be fashioned and scarce judicial resources could be conserved.[61]

Section 1332 of Title 28 is the statutory grant of original federal jurisdiction in a diversity suit.[62] Under § 1332, a federal court does not have original jurisdiction over a diversity claim unless the amount in controversy is over $50,000.[63] As explained above, it is well settled that state claims between diverse parties can be aggregated to meet the jurisdictional minimum,[64] but until they are aggregated, original jurisdiction does not exist. None of the individual state law claims, each below the $50,000 jurisdictional minimum, can qualify as the jurisdiction-conferring claim on its own.[65]

The aggregated claims together confer the jurisdiction. The supplemental jurisdiction statute, however, does not apply to these aggregated, jurisdiction-conferring claims.[66] Instead, the statute applies only to "other claims that are so related to claims in the action within [the court's] . . . original jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution."[67] Thus, the plain language of the supplemental jurisdiction statute reveals that the statute does not apply to individual claims aggregated to

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61. *Id.* at 47-48 (emphasis omitted).

62. Dean M. Lenzotti, Comment, Carnegie-Mellon University v. Cohill: *Pendent Claim Remand as a Logical Extension of Pendent Jurisdiction*, 50 OHIO ST. L.J. 767, 795 n.29 (1989) ("For diversity jurisdiction, an independent basis for jurisdiction for state law claims is not required. State law claims in such a case would have an independent basis for jurisdiction in federal court under 28 U.S.C. § 1332 (1982) because of the diversity of parties.").

63. *See* discussion *supra* part II.A.

64. *Id.*

65. *See* Lenzotti, *supra* note 62, at 795 n.29 ("The amount in controversy required in federal courts for diversity actions, of course, must be met for the plaintiff to have the option of initiating the action in federal court.").

66. *Cf. ZB Holdings*, 144 F.R.D. at 47. ("This Court understands 'original jurisdiction' [in § 1367(a)] to mean jurisdiction in the first instance over a viable lawsuit, without regard to parties [or claims] to be joined later. Stated differently, the term 'original jurisdiction' presupposes a viable lawsuit. We hold today that where a derivative suit brought in diversity is subject to dismissal for failure to join an indispensable, non-diverse party, supplemental jurisdiction is not available to join that non-diverse party because, under § 1367(a), the Court never had 'original jurisdiction' over the derivative action.").

67. 28 U.S.C. § 1367(a).

meet the diversity jurisdictional minimum. As a result, the discretion granted federal courts by the supplemental jurisdiction statute does not extend to the aggregated claims. Instead, the *St. Paul* rule governs, and federal courts must retain jurisdiction over aggregated claims as long as at the outset there was not a legal certainty that the amount claimed could not be recovered and the claims were not made in bad faith.

B. The Legislative History Indicates That the Supplemental Jurisdiction Statute Was Not Supposed to Apply to Claims Aggregated to Meet the Jurisdictional Minimum

1. Speculating as to the framers' intent; adjudicating through inferences

The *Shanaghan* court recognized that the *St. Paul* rule is well settled: as long as the jurisdictional amount is pled in good faith, and it is not clear from the face of the complaint that the amount pled could not be recovered, the federal court retains jurisdiction over all of the diverse plaintiff's claims, regardless of subsequent events.[68] Yet the Fourth Circuit refused to follow this Supreme Court precedent and instead speculated about Congress's views concerning federal jurisdiction, and ultimately allowed those unstated, likely unknown, views to dictate new judicial policy.[69]

According to *Shanaghan*, following the *St. Paul* rule circumvents Congress's intent to deter federal adjudication of "state law claims for modest sums" by raising the jurisdictional amount in diversity cases.[70] True, in 1988, Congress raised the jurisdictional amount from $10,000 to $50,000,[71] but the court failed to note that more recently Congress has declined to implement recommendations to further limit diversity jurisdiction, suggesting that current practices were limiting enough.[72] In fact, at the same time Congress approved the new supplemental jurisdiction statute, it refused to accept the Federal Courts Study Committee's proposals for further limitations on diversity jurisdiction,[73] such as raising the amount in contro-

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68. *Shanaghan*, 58 F.3d at 111. *See supra* text accompanying notes 40-42 and discussion *supra* part II.A.

69. *Shanaghan*, 58 F.3d at 111. *See supra* text accompanying notes 40-46.

70. *Id.* at 111.

71. Hirschfeld, *supra* note 9, at 130 (jurisdictional amount raised by the Judicial Improvements and Access to Justice Act, Public Law 100-702).

72. McLaughlin, *supra* note 2, at 858 n.27.

73. Hirschfeld, *supra* note 9, at 133; Larry Kramer, *Diversity Jurisdiction*,

versy and "prohibiting home state plaintiffs from invoking diversity."[74] The *Shanaghan* court claimed that its judicial action "must be modified to fit the contemporary congressional view of federal jurisdiction,"[75] but how did the court decide Congress's "contemporary . . . view"?[76] Congress's contemporary treatment of diversity jurisdiction has offered "no precise statement of the views of Congress."[77] And the view that has been given by Congress's refusal to further restrict diversity jurisdiction suggests that Congress did not intend § 1367 to limit that jurisdiction. In fact, the legislative history of § 1367 strongly indicates that § 1367 was not intended to affect courts' retention of jurisdiction when one of several aggregated claims is dismissed, dropping the amount in controversy below $50,000.

1990 B.Y.U. L. REV. 97, 97-129.

74. William A. Braverman, Note, *Janus Was Not a God of Justice: Realignment of Parties in Diversity Jurisdiction*, 68 N.Y.U. L. REV. 1072, 1092-93 (1993); McLaughlin, *supra* note 2, at 858 n.27.

75. Hirschfeld, *supra* note 9, at 133.

76. *Id.*

77. Karen Nelson Moore, *Colloquy: Perspectives on Supplemental Jurisdiction*, 41 EMORY L.J. 31, 33, 44 (1992). According to Professor Moore:

> Section 1367(b), which produces the bulk of the controversy [generated by the supplemental jurisdiction statute], restricts supplemental jurisdiction in certain situations in diversity cases. In so doing, Congress partially reflects the growing antipathy for diversity jurisdiction, but the refusal to confront directly the wisdom of continuing diversity jurisdiction results in piecemeal and ambiguous restriction of supplemental jurisdiction in diversity cases which will require substantial litigation in the future to resolve. If Congress had instead definitively decided whether to continue diversity jurisdiction, it then could have properly drafted the supplemental jurisdiction statute and avoided many of the potential problems. Thus, by attempting to avoid the controversial issue of whether to continue diversity jurisdiction and by limiting certain forms of supplemental jurisdiction in diversity cases, Congress caused the controversy it wished to avoid.
>
> After enactment of § 1367 in its current form and the concomitant decision not to tackle the underlying issue of the continued existence of diversity jurisdiction, the significant question for the courts, commentators, and ultimately Congress is whether refinement of the statute is necessary or appropriate to ensure a rational treatment of supplemental jurisdiction. In other words, since Congress has not abolished diversity jurisdiction and does not appear to be in a rush to do so, how should issues of supplemental jurisdiction be resolved in the diversity context, and if the apparent results under § 1367 are unclear or incorrect, how should the statute be amended to achieve clear or correct results?

Id. Additionally, another commentator has added, "the restrictions on supplemental jurisdiction in diversity cases contradict the Committee's general endorsement of supplemental jurisdiction," possibly creating an additional source of confusion concerning congressional intent. Jamison, *supra* note 16, at 779-780.

2. Legislative history

Rather than surmising what effect Congress intended § 1367 to have on the *St. Paul* rule, the *Shanaghan* court might have looked to the statute's instructive legislative history. Although some scholars disagree about the role of legislative history in statutory interpretation,[78] most scholars interpreting the supplemental jurisdiction statute have given great weight to its legislative history.[79] The supplemental jurisdiction statute has, in fact, been criticized for communicating its meaning through its legislative history because the statute itself is too ambiguous to be accurately understood.[80] As this Note will discuss, studying the legislative history reveals that the statute was intended (1) to reinstate jurisdictional understanding as it existed before *Finley v. United States*[81] and (2) to increase the efficiency of the judicial system. Both these goals are best accomplished by upholding the *St. Paul* rule, retaining jurisdiction over claims aggregated to meet the diversity jurisdictional minimum even when subsequent events reduce the amount in controversy below $50,000.

*a. Legislative history indicates an intent to return to pre-*Finley *understandings.* As Laura Hirschfeld points out,

> [t]he record relating to the enactment of the supplemental jurisdiction section of the Judicial Improvements Act of 1990 is rather sparse, as there was little congressional debate on the subject. But . . . [t]he debate that did take place regarding the supplemental jurisdiction statute made clear that Congress's primary intention in codifying supplemental jurisdiction echoed that of the Federal Courts Study Committee—to overrule Finley and restore the exercise of pendent

78. *See generally* William N. Eskridge, Jr., *The New Textualism*, 37 UCLA L. REV. 621 (1990); Arthur Stock, Note, *Justice Scalia's Use of Sources in Statutory and Constitutional Interpretation: How Congress Always Loses*, 1990 DUKE L.J. 160; Patricia M. Wald, *The Sizzling Sleeper: The Use of Legislative History in Construing Statutes in the 1988-89 Term of the United States Supreme Court*, 39 AM. U. L. REV. 277 (1990).

79. Moore, *supra* note 77, at 44-48.

80. *Id.* at 45; *see also* Scott, *supra* note 2, at 695 (noting that the statute's ambiguity could be a result of its hasty passage "during the last hours of the 1990 legislative session"); Siegel, *supra* note 13, at 61 (stating that "[t]he bill was put together with such haste, however, that the last four of its eight titles have little or nothing to do with the federal court system").

81. 490 U.S. 545 (1989).

> and ancillary jurisdiction as they had existed prior to the Finley decision.[82]

Before *Finley*,[83] although federal courts regularly asserted supplemental jurisdiction, there was no formal codification of the supplemental jurisdiction doctrines; neither the Constitution nor Congress had expressly authorized supplemental jurisdiction.[84] In *Finley*, the Supreme Court put a stop to this unauthorized assertion of jurisdiction.[85] The Court held that without congressional authority, even if a federal court has exclusive jurisdiction over a particular claim, the court cannot assert supplemental jurisdiction over the plaintiff's related claims against additional, nondiverse defendants.[86] Although this holding directly affected only pendent party jurisdiction, commentators found in the opinion's dicta the suggestion that absent clear congressional authority, the other supplemental jurisdiction doctrines would not survive.[87]

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82. Hirschfeld, *supra* note 9, at 133.

83. 490 U.S. 545 (1989). In *Finley*, the plaintiff brought a claim in federal court under the Federal Tort Claims Act (FTCA) after her husband and two children were killed in an airplane accident. *Id.* at 546. The plaintiff also wished to bring related state law claims against nondiverse defendants in the same federal action. *Id.* She could not bring her FTCA claim into state court, for federal courts have exclusive jurisdiction over FTCA claims. *Id.* at 547. Appending her state law claims to the FTCA claim through pendent party jurisdiction was the only way to avoid pursuing her claims in two forums. The Court refused to extend pendent party jurisdiction to the state law claims without an affirmative congressional grant of jurisdiction. *Id.* at 549-56.

Detailed discussion of *Finley v. United States* can be found in Elizabeth Delagardelle, Note, *Defining the Parameters of Supplemental Jurisdiction After 28 U.S.C. § 1367*, 43 DRAKE L. REV. 391, 400-02 (1994); McLaughlin, *supra* note 2, at 885-89; and H.R. REP. NO. 734, *supra* note 20, at 27-28, *reprinted in* 1990 U.S.C.C.A.N. 6860, 6873-74.

84. McLaughlin, *supra* note 2, at 862, 888. McLaughlin points out one exception to this general lack of congressional authorization; one statute, section 1338(b), provides for supplemental jurisdiction in patent and copyright disputes. *Id.* at 862 n.50. Federal district courts had long asserted such jurisdiction before the congressional statute granted them "original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent, plant variety protection or trade-mark laws." 28 U.S.C. § 1338(b) (1948); *see* McLaughlin, *supra* note 2, at 862 n.50.

85. McLaughlin, *supra* note 2, at 859 (commenting that the "specific holding of *Finley* prohibit[ed] the exercise of pendent party jurisdiction in the absence of express congressional authorization").

86. *Finley*, 490 U.S. at 549-56; *see* Moore, *supra* note 77, at 37-39.

87. *Finley*, 490 U.S. at 549. The *Finley* court atated that, "with respect to the addition of parties, as opposed to the addition of only claims, we will not assume that the full constitutional power has been congressionally authorized, and *will not read jurisdictional statutes broadly*." *Id.* (emphasis added).

The *Finley* court did, however, invite Congress to legislatively grant supplemental jurisdiction to the federal courts. Justice Scalia wrote for the majority: "Whatever we say regarding the scope of jurisdiction conferred by a particular statute can of course be changed by Congress."[88] Congress responded to the Court's invitation[89] with, as the legislative history reveals, an intent to return to pre-*Finley* practice. In the House Report, the statute's drafters assert that the statute's purpose is to "restore the pre-*Finley* understandings of the authorization for and limits on . . . supplemental jurisdiction."[90] Con-

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The *Finley* opinion also stated that "our cases do not display an entirely consistent approach with respect to the necessity that jurisdiction be explicitly conferred. The *Gibbs* line of cases was a departure from prior practice." *Id.* at 556. Although the Court insisted that it had "no intent to limit or impair" the *Gibbs* decision at that time, *id.*, the local community quickly recognized that the Court's "hostility to nonstatutory jurisdiction . . . may eventually sweep into history's dustbin not only whatever pendent party jurisdiction survives the holding of *Finley* but also pendent claim jurisdiction and ancillary jurisdiction." Harbor Ins. Co. v. Continental Bank Corp., 922 F.2d 357, 361 (7th Cir. 1990); *see also* H.R. REP. NO. 734, *supra* note 20, at 27, *reprinted in* 1990 U.S.C.C.A.N. 6860, 6873 ("The Court's rationale—that 'with respect to the addition of parties as opposed to the addition of only claims, we will not assume that the full constitutional power has been congressionally authorized, and will not read jurisdictional statutes broadly,' 109 S.Ct. at 2007—threatens to eliminate other previously accepted forms of supplemental jurisdiction. Already, for example, some lower courts have interpreted *Finley* to prohibit the exercise of supplemental jurisdiction in formerly unquestioned circumstances."); McLaughlin, *supra* note 2, at 855 ("*Finley* also raised serious questions regarding the validity of the basic doctrines of pendent claim and ancillary jurisdiction because Congress had never expressly authorized these exercises of subject matter jurisdiction."); Moore, *supra* note 77, at 37-39 ("Although it was possible to view *Finley* as simply denying pendent party jurisdiction in the particular context of the Federal Tort Claims Act, language in the opinion raised the spectre of invalidating myriad forms of supplemental jurisdiction. . . . [T]he longevity of the Gibbs line of cases seem[ed] doubtful after *Finley*."); Steinman, *supra* note 2 at 85 ("[I]n the wake of the Supreme Court's decision in *Finley v. United States*, it was appropriate, if not essential, for Congress to overturn the decision in that case and to negate the untoward implications for pendent and ancillary jurisdiction that both commentators and lower courts found in the reasoning and language of the opinion.").

88. *Finley*, 490 U.S. at 556.

89. H.R. REP. NO. 734, *supra* note 20, at 27, *reprinted in* 1990 U.S.C.C.A.N. 6860, 6874 ("Indeed, the Supreme Court has virtually invited Congress to codify supplemental jurisdiction"); Delagardelle, *supra* note 83, at 392 ("Congress responded to the Supreme Court's invitation to legislatively define the federal courts' jurisdictional authority . . ."); *cf.* Thomas M. Mengler et al., *Congress Accepts Supreme Court's Invitation to Codify Supplemental Jurisdiction*, 74 JUDICATURE 213, 213 n.2 (1991); Steinman, *supra* note 2, at 86 ("Congress did respond, through the enactment of 28 U.S.C. § 1367.").

90. H.R. REP. NO. 734, *supra* note 20, at 28, *reprinted in* 1990 U.S.C.C.A.N. 6860, 6874.

gress sought to make only "one small change to pre-*Finley* practice"; the drafters explained that the only difference between pre-*Finley* practice and federal jurisdiction after the supplemental jurisdiction statute is that plaintiff-intervenors are excluded "to the same extent as those sought to be joined as plaintiffs under Rule 19."[91] Clearly then, the purpose of the legislation was "to provide the federal courts with statutory authority to hear supplemental claims"[92] as they did before *Finley*, with the one exception mentioned, not to significantly alter pre-*Finley* practice.

Pre-*Finley* courts followed the *St. Paul* rule that jurisdiction, once vested, could not be divested by subsequent events, as long as the original amount was pled in good faith and the amount in controversy did not appear to a legal certainty to be below the $50,000 minimum.[93] Given that the *St. Paul* rule was part of standard pre-*Finley* practice, it seems clear that Congress, in attempting to reinstate that practice, did not intend to change the *St. Paul* rule.[94] The *Shanaghan* court's assertion that Congress intended to implicitly overrule the "rigid" *St. Paul* rule because it could not be reconciled with the new supplemental jurisdiction statute thus lacks support; the legislative history indicates that Congress explicitly identified any pre-*Finley* practices it intended to change.[95]

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91. *Id.* at 29, *reprinted in* 1990 U.S.C.C.A.N. 6860, 6875; *see* McLaughlin, *supra* note 2, at 952-970.

92. H.R. REP. NO. 734, *supra* note 20, at 27, *reprinted in* 1990 U.S.C.C.A.N. 6860, 6873.

93. *St. Paul*, 303 U.S. at 289-90 ("Events occurring subsequent to the institution of suit which reduce the amount recoverable below the statutory limit do not oust jurisdiction."); Seafoam, Inc. v. Barrier Sys., Inc., 830 F.2d 62, 66 (5th Cir. 1987); Lynch v. Porter, 446 F.2d 225, 228 (8th Cir. 1971); Stewart v. Shanahan, 277 F.2d 233, 236 (8th Cir. 1960); Wade v. Rogala, 270 F.2d 280, 286 (3rd Cir. 1959) ("events occurring after institution of suit do not oust the court of jurisdiction").

94. *Cf.* McLaughlin, *supra* note 2, at 970-71 ("The statute also preserves the concomitant rules of aggregation . . . [u]nder [which] . . . a single plaintiff can aggregate several claims against a single defendant, even though the claims are entirely unrelated and none of the claims individually satisfies the amount in controversy requirement.").

95. Not only was there no mention of any change to the *St. Paul* rule in diversity suits, Congress specifically stated that the supplemental jurisdiction statute was not designed to affect jurisdiction principles in "diversity-only *class actions*." H.R. REP. NO. 734, *supra* note 20, at 29, *reprinted in* 1990 U.S.C.C.A.N. 6860, 6875 (emphasis added). Congress expressly said that the statute was "not intended to affect the jurisdictional requirements of 28 U.S.C. § 1332 in diversity-only class actions, as those requirements were interpreted prior to *Finley*." *Id.*

b. The legislative history indicates an intent to encourage efficiency. Returning to pre-*Finley* practices was not Congress's only purpose in enacting § 1367. The Senate was concerned that "the costs of civil litigation, and delays that contribute to those costs, are high and are increasing" and that such costs and delays both "limit access to the courts to only those who can afford to pay the rising expenses[,] and . . . undermine the ability of American corporations to compete both domestically and abroad."[96] Consequently, the Senate passed the supplemental jurisdiction statute, at least in part, to truly "promote . . . the just, speedy, and inexpensive resolution of civil disputes in our Nation's Federal courts."[97]

The Fourth Circuit's assertion that Congress intended to transfer midsuit to state courts adjudication long required to remain in federal court[98] seems antithetical to Congress's stated purpose of encouraging efficient resolution of disputes.[99] Midsuit transfer threatens to drain more judicial resources and to stir up more litigation costs than the previous solution of maintaining jurisdiction as long as the amount in controversy was pled in good faith and with some basis for recovery at the outset. Indeed, the Fourth Circuit's suggestion would foster

> waste of judicial resources. Under that theory, cases properly filed in [federal court could] be transferred to [state] court at any stage of the litigation, even on the eve of (or during) trial. Two, rather than one, courts would be required to process the same case before it was resolved.[100]

Congress's intent to encourage efficiency, as revealed in § 1367's legislative history, thus betrays the Fourth Circuit's interpretation of the supplemental jurisdiction statute.

V. CONCLUSION

Federal courts have long felt compelled to retain jurisdiction over a diversity case dropping below the jurisdictional

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96. S. REP. NO. 416, 101st Cong., 2d Sess. 1-2 (1990) (*reprinted in* 1990 U.S.C.C.A.N. 6802, 6804).

97. *Id.* at 1.

98. *See* discussion *supra* part II.A.

99. At the same time, the court's assertion contradicts the "goals and purposes" of supplemental jurisdiction as it developed in the federal courts: namely, "judicial efficiency, avoidance of piecemeal litigation, convenience, and fairness." Delagardelle, *supra* note 83, at 393, 393 n.18.

100. Ferrell v. Glenwood Brokers, Ltd., 848 P.2d 936, 940 (Colo. 1993).

minimum, as long as the jurisdictional amount was originally pled in good faith and without a legal certainty that the amount claimed could not be recovered. Federal courts since the passage of the 1990 supplemental jurisdiction statute have continued to retain jurisdiction in such situations.[101] *Shanaghan* was a notable exception. *Shanaghan* concluded that the supplemental jurisdiction statute applied to aggregated claims in diversity suits, allowing federal courts to revoke jurisdiction at the their discretion whenever the amount in controversy drops below $50,000. As this Note has demonstrated, however, this conclusion is unsupported by the statute's plain language and its legislative history. Thus, the *Shanaghan* holding stands as an anomaly in supplemental jurisdiction jurisprudence. Federal courts should dismiss the *Shanaghan* holding and continue to retain jurisdiction as a matter of

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101. Republic Nat'l Bank of Miami v. United States, 506 U.S. 80, 89 (1992) ("Stasis is not a general prerequisite to the maintenance of jurisdiction." Jurisdiction over subject matter "survives a change in circumstances." (citing St. Paul Mercury Indem. Co. v. Red Cab. Co., 303 U.S. 283, 289-90 (1938)); Tongkook Am., Inc. v. Shipton Sportswear Co., 14 F.3d 781, 784-785 (2d Cir. 1994) ("The rule governing dismissal for want of jurisdiction in cases brought in the federal court is that, unless the law gives a different rule, the sum claimed by the plaintiff controls if the claim is apparently made in good faith. It must appear to a legal certainty that the claim is really for less than the jurisdiction amount to justify dismissal. . . . [A] valid defense does not deprive a federal court of jurisdiction . . . .") (quoting *St. Paul*, 303 U.S. at 289-90); *see* Watson v. Blankinship, 20 F.3d 383, 387 (10th Cir. 1994); Jones v. Knox Exploration Corp., 2 F.3d 181, 182-83 (6th Cir. 1993) ("If a claim of the required jurisdictional amount is apparently made in good faith, that claim controls unless it appears 'to a legal certainty that the claim is really for less than the jurisdictional amount.' We have held that where an action contained two claims, which together satisfied the jurisdictional amount requirement, and one count was eliminated following discovery, the fact that the only remaining claim was for less than the jurisdictional amount did not require dismissal. We reached a similar result in *Klepper v. First American Bank*. In *Klepper*, the complaint contained claims for punitive, compensatory and incidental damages. The district court granted partial summary judgment for the defendant and dismissed the claims for punitive and compensatory damages. The district court then dismissed the entire action upon finding that the remaining claim for incidental damages failed to satisfy the jurisdictional amount requirement. This court reversed, holding that because the three claims for damages in the complaint satisfied the jurisdictional amount requirement in the aggregate, dismissal of two of the claims did not deprive the district court of jurisdiction. This determination derives from the rule that a federal court's jurisdiction ordinarily depends 'on the facts as they exist when the complaint is filed.' These cases illustrate the rule that if a good-faith claim of sufficient amount is made in the complaint, subsequent events that reduce the amount below the statutory requirement do not require dismissal.") (citations omitted).

course when dismissal of a claim reduces the aggregated amount in controversy below the $50,000 jurisdictional minimum.

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